

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 965 - SB 1111

March 31, 2021

SUMMARY OF ORIGINAL BILL: Increases, from two to three days, the grace period after December 31 each year for the expiration of all firework permits under the State Fire Marshal's Office (SFMO).

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

IMPACT TO COMMERCE OF ORIGINAL BILL:

NOT SIGNIFICANT

SUMMARY OF AMENDMENT (006298): Deletes and rewrites provisions of the original bill such that the substantive change is requiring an applicant for a fireworks manufacturer, distributor, wholesaler, annual retailer, or seasonal retailer permit to be licensed to do business in this state and registered with the Department of Revenue (DOR).

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

**Decrease State Revenue - \$9,700/FY21-22 and Subsequent Years/
State Fire Marshal's Office**

Assumptions for the bill as amended:

- Pursuant to Tenn. Code Ann. § 68-104-102, the State Fire Marshals Office (SFMO) issues permits for manufacturing or sale of fireworks to residents and nonresidents of this state.
- Available fireworks permits through the SFMO are as a manufacturer, distributor, wholesaler, annual retailer, or seasonal retailer.
- It is assumed that manufacturer, distributor, wholesaler, and annual retailer permit holders are currently licensed to do business in this state and will continue operations under the proposed legislation.
- Seasonal retailers are only authorized to sell fireworks between the periods of June 20 - July 5 and December 10 – January 2. Permits are \$100 and expire annually.

- Both individuals and businesses operating multiple firework tents or stands obtain seasonal retailer permits annually; it is unknown exactly how many individuals hold a current permit that are not licensed to do business in this state.
- The proposed legislation does not specify what a permit holder is required to be licensed for; only that they do business in this state and are registered with the DOR.
- Based on a review of the active seasonal retailer permit holders from a roster on the Department of Commerce and Insurance website, the proposed legislation would cause an approximately 20 percent decrease in seasonal retailer revenue to the SFMO.
- There are 483 active permits in the state with an expiration date of December 31, 2021.
- An annual decrease in revenue to the SFMO, beginning in FY21-22 and subsequent years, of \$9,660 [(483 x 20.0%) x \$100].
- It is not assumed that a seasonal retail permit holder that sells fireworks as an individual and does not hold a business license in this state would incorporate a business for the sole purpose of seasonal firework sales; therefore, there will not be a significant increase or decrease in business tax remitted to state or local government.

IMPACT TO COMMERCE WITH PROPOSED AMENDMENT:

Decrease Business Expenditures - \$9,700/FY21-22 and Subsequent Years

Decrease Business Revenue – Exceeds \$9,700/FY21-22 and Subsequent Years

Assumptions for the bill as amended:

- The proposed legislation is estimated to cause a 20 percent decrease in season retailer permit fees to the SFMO.
- An annual decrease in business expenditures, beginning in FY21-22 and subsequent years, of \$9,660 [(483 x 20.0%) x \$100].
- It is assumed that any individual who is not licensed to do business in this state and will not be permitted to obtain a season retailer permit under the proposed legislation will experience a decrease in business revenue exceeding the cost of the permit.
- A decrease in business revenue, beginning in FY21-22 and subsequent years, exceeding \$9,660.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

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